

## Message Text

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ACTION NEA-12

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R 110600Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0154

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 3322

PASS AGRICULTURE (FAS AND ERS)

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: GOI ELIMINATES RESTRICTIONS ON INTERSTATE MOVEMENT OF  
COARSE GRAINS

BEGIN SUMMARY: IN A MOVE TO INCREASE COARSE GRAIN AVAILABILITY TO  
DEFICIT STATES, THE GOI ANNOUNCED THE ELIMINATION OF ALL RESTRIC-  
TIONS ON THE INTERSTATE MOVEMENT OF COARSE GRAINS. END SUMMARY.

1. AGRICULTURAL MINISTER AHMED ANNOUNCED IN PARLIAMENT ON MARCH 6  
THAT ALL RESTRICTIONS ON THE MOVEMENT OF COARSE GRAINS (ALL CEREAL  
GRAINS EXCEPT WHEAT AND RICE) BETWEEN STATES ARE BEING REMOVED  
EFFECTIVE IMMEDIATELY. THIS MEANS THAT HENCEFORTH THE PRIVATE TRADE  
AS WELL AS GOVERNMENT AGENCIES CAN PROCURE AND TRANSPORT COARSE  
GRAINS FROM ONE AREA OF THE COUNTRY TO ANOTHER. RESTRICTIONS ON  
INTERSTATE MOVEMENT OF WHEAT AND RICE CONTINUE AS BEFORE.

2. COMMENTS: THE ANNOUNCEMENT ON MARCH 6 BY MINISTER AHMED IS  
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AN EXTENSION OF A PREVIOUS ANNOUNCEMENT OF JANUARY 23, WHICH

ENABLED THE STATE GOVERNMENTS OF FOOD-DEFICIT STATES TO PROCURE AND TRANSPORT COARSE GRAINS FROM SURPLUS STATES AT NEGOTIATED PRICES. THE GOI ALSO RECOMMENDED AT THE SAME TIME THAT STATE GOVERNMENTS ELIMINATED WITHIN STATE RESTRICTIONS ON THE MOVEMENT OF COARSE GRAINS.

3. A MAJOR FACTOR IN ELIMINATING ALL RESTRICTIONS ON INTERSTATE MOVEMENT OF COARSE GRAINS HAS BEEN THE POOR PERFORMANCE OF COARSE GRAIN PROCUREMENT BY GOVERNMENT AGENCIES AND ITS CONSEQUENT EFFECT IN LIMITING THE GOVERNMENT'S ABILITY TO ADEQUATELY MEET CONSUMER DEMAND

THROUGH THE FAIR PRICE SHOP SYSTEM. GOVERNMENT PROCUREMENT OF COARSE GRAINS TO DATE IS ESTIMATED TO TOTAL ONLY EIGHTEEN TO TWENTY PERCENT OF THE TARGET OF 1.65 MILLION TONS.

4. THE IMMEDIATE EFFECT OF THIS DECISION IS LIKELY TO BE BOTH A DECLINE IN COARSE GRAIN PRICES IN FOOD-DEFICIT STATES SUCH AS GUJARAT AND MAHARASHTRA AND POSSIBLY SOME INCREASE IN COARSE GRAIN PRICES IN SURPLUS-PRODUCING STATES SUCH AS PUNJAB AND HARYANA.

5. THE PERMISSION NOW GIVEN TO THE PRIVATE TRADE TO PARTICIPATE IN THE INTERSTATE MOVEMENT OF COARSE GRAINS APPEARS TO BE ANOTHER STEP IN A PHASED RETREAT FROM THE TAKEOVER OF WHOLESALE TRADE IN WHEAT--WHICH THUS FAR HAS NOT WORKED SATISFACTORILY. THE STATE CHIEF MINISTERS AND AGRICULTURAL MINISTERS ARE SCHEDULED TO MEET IN NEW DELHI IN MID-MARCH TO CONSIDER PROCUREMENT AND PRICE POLICIES FOR THIS YEAR'S WHEAT CROP. MOYNIHAN

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